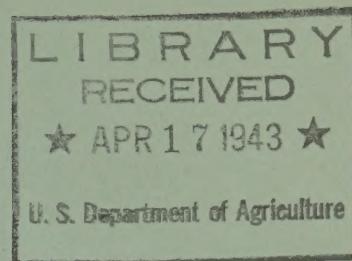


1.933
SLIR



U.S. Rural electrification administration.

✓
REA

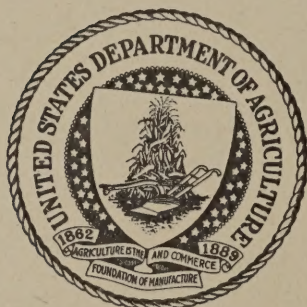
is different

BY HARRY SLATTERY

1943

USDA
LIB

UNITED STATES
DEPARTMENT OF AGRICULTURE
LIBRARY



BOOK NUMBER

387348

ABRU
811

CHAPTER 1



REA IS DIFFERENT

REA is distinctive. Although government service in general is one of the highest types of service, because government workers are devoting their skills to the good of all of the people, even in that service the REA program stands out in contributions to and in future potentialities for the national welfare.

Rural electrification is a national movement. The Federal Government has taken the lead in that movement and established REA to administer it. So long as we remember that, and do not think of ourselves as "working for a Government bureau," we shall earn our pay and enjoy it immensely.

Each employee of REA has his or her own job to do. But each of us has some share of responsibility for the program. Each of us has a real stake in the official performance of each of the others. We are much more than engineers or stenographers or auditors or file clerks; we are participants in a great government program. REA policies are developed from wide discussion by many people. We all speak our minds in staff conferences, and we all try to see that REA acts for the greatest good to the greatest number. That is one reason why REA is different.

Basic to effective participation in the REA program is an understanding of just what that program is. Briefly, the big idea is to make electricity work for people in America's rural communities. Please do not let anything confuse that aim. The first step in that program is to see that electricity is available to all rural communities.

Bringing electricity to the farm and the farm household is an important objective; thereby we are helping to remove drudgery from work on the farm and in the farm kitchen, and generally lift the standard of living of farm men, women and children. But as we pursue that end we are able to bring many other values to rural life, such as providing electric power for rural community activities; schools, creameries, broom factories, chick hatcheries, and sweet potato curing houses. These aspects of the program have a double purpose. First, every new consumer of this type helps to increase consumption in a decreasing cost industry and thereby tends to reduce the cost on the farm. Second, enterprises of this type round out the economy of rural areas and make them more stable and satisfying.


APR 17 1943

This program of ours, this concern of the Federal Government with rural electricity, began with a few leaders in the early days of the New Deal. Yet the program has never been political in a partisan sense. President Roosevelt has a deep personal interest in REA, but he chose Morris Cooke, a Republican, as its first Administrator. Senator Norris has been our hard rock in the Senate, but Senator Aiken, Senator Capper, Senator Butler and Senator McNary (to name a few Republicans) have been strong supporters.

The President, Senator George Norris, Congressman John Rankin, and Morris Cooke probably deserve more credit for launching REA than any other individuals. Mr. Cooke's recommendations in his report of studies in the Mississippi Valley resulted in the inclusion of rural electrification as one of the purposes for which money set aside in the Emergency Relief Act of 1935 might be used. To effectuate that Congressional authorization, the President created the Rural Electrification Administration by an Executive order on May 11, 1935, and named Morris Cooke to head it.

The program quickly proved its importance, and the Congress enacted the Rural Electrification Act of 1936, sponsored by Senator Norris and Representative Sam Rayburn, who is now Speaker. That carefully worded law is our charter; I recommend that you read it and digest it thoroughly.

Mr. Cooke worked like a trojan on the job. He investigated all of the many alternatives by which the REA program might possibly be carried out; it is a great tribute to his perspicacity that we are still following almost exactly the methods which Mr. Cooke chose.



When Mr. Cooke left to take a well-earned rest, John Carmody took over. He established on an efficient, business-like basis our activities, and those of the contractors and of the few REA systems then in or coming into operation. When Mr. Carmody became the second Administrator of REA, the program was growing like a weed; without strong and able guidance it might have grown out of hand. Mr. Carmody did his job so well that the President drafted him to head the new Federal Works Agency.

The President called me from my post of Under-Secretary of the Department of Interior to become Administrator in September, 1939 after he had placed REA within the Department of Agriculture.

I have been in public service for 37 years. In that time I have had many interesting jobs, done much work on which I look back with considerable satisfaction. But these last three years have been the most interesting. This is the most worthwhile undertaking that I have tackled.

Our program has not always been unopposed. The utility industry of America is organized on a profit basis. Most rural power lines will not return any profit to investors, let alone a profit commensurate with the same investment in urban systems. So we had to devise ways of getting power to farmers on a non-profit basis, and we had to make every effort to keep the investment as low as possible.

The REA program gets little self-inspired opposition from people actually engaged in operating privately owned power lines, the people who work for wages or modest fixed salaries. But the financiers and lawyers and lobbyists who are more interested in financial reports than in continuity of service--some of these people get red-faced and a little incoherent when they start talking about REA. They are afraid of our program, not for itself but for the stimulation which it may have on the thinking of people in the cities, where they make their big money.

There is no essential conflict between REA and the private utility industry. Many, and I think most, utility executives support our program or do not oppose it. But there is a basic difference between the REA cooperative power system and one privately owned. The REA system came into existence to provide electric service to those who did not have it. The private company built its line to furnish a profitable use for invested capital.

Many private utilities now realize that REA is a good customer for them. The business that they did not want to take at retail, they are now getting at wholesale. In 1942 for instance, REA borrowers bought from the privately owned electric utilities 547,543,210 kilowatt-hours for which they paid these utilities a total of \$5,837,232. This is a nice slice of profitable business for which any good businessman ought to be thankful. In the same year, REA co-ops bought from publicly owned electric utilities a total of 538,678,012 kilowatt-hours for which they paid a total of \$4,355,515. This, too, is a nice slice of business.

REA
AIN'T
SO HOT



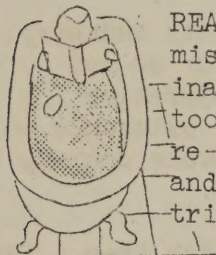
The REA program, as a program, rarely has any head-on opposition. Of course, there are a few conservative die-hards who say that "farmers can't afford electricity," but most of our opposition has taken the form of sniping at specific actions. Such attacks stoop to the lowest misrepresentations, falsehoods, and even personalities. Right now the campaign (it's organized, well-financed, but not very intelligent) is particularly vicious. Old-timers have learned to discount these attacks and brush them aside like flies. So long as we are in the right, the American people will support us and not our detractors.

Until the war interrupted all our efforts to improve American standards of living, the principal means of administering the REA program was through loans for financing power lines to serve people who did not have service. Since unserved areas are almost always "thin" areas, we could not make loans to organizations which expected a profit, for the profit just isn't there. For that reason our loans have gone to non-profit agencies, mostly farmers' cooperatives created solely for the purpose of running rural power systems and directed by people without any previous utility or other broad business experience.

Our loans carry interest at the rate that the Government has to pay on its long-term bonds--so far the rate has been below 3%--and they are being repaid over a 25-year period. Because revenue from the lines is small at the start, no payments at all are demanded on the loan for the first 30 months. Then the accumulated interest is added to the principal, and repayment starts. Payments at first cover just the interest, but after the

seventh year the amortization payments level off at a rate to retire the entire loan in 18 more years.

Many people thought that Morris Cooke and John Carmody were making loans on pretty weak security. The REA repayment record, however, indicates that they were level-headed, far-seeing business men after all. To date payments as much as 30 days late amount to less than 1% of the total due, and payments ahead of schedule come to more than 25%.



REA has made other loans, too; for generating plants and transmission lines, for example, where an area's power resources are inadequate or where those who control existing facilities wanted too much money for power at wholesale. Other REA loans have been re-loaned by the cooperatives to their members to finance wiring and plumbing installation and in some cases the purchase of electrical appliances.

REA helps to design and supervises the construction of any lines it finances. We want to be sure that the lines, our principal tangible security, are strong and capable and durable. We help the cooperatives to pick their lawyers, engineers, and managers. Then we provide all the necessary consulting managerial service in problems of operation, help them install an efficient bookkeeping system--and above all, we help them to put electricity to work in their communities. We help their members avail themselves of all the benefits of electricity.

And that is where our big job is right now. During peacetime we raised the percentage of American farms with electric service from about 10% to about 40%. REA itself financed the construction of some 360,000 miles of rural power lines now in operation, serving a million consumers. During this war emergency, that rural power network is a great national asset. Electricity on farms can produce more milk, more eggs, more meat, more fresh vegetables. It can improve the diet of people on farms, in rural schools, in villages. The same network of electric lines can provide power for the production of more oil, more mercury, more coal, more aluminum; power for little factories producing gunstocks and bomb parts and airplane carburetors; power for Army camps and Marine airbases and Navy ammunition dumps and Coast Guard patrol stations. Bluntly, these new REA-financed power lines are helping to save American lives and to inflict greater casualties on our enemies. It is your job and mine to see that everything we do contributes something to that purpose.



We have a big job to do after the war. We must not let that distract us from our present job of winning the war, but national leaders from the President downward have publicly stated that our normal program is slated for revival and perhaps expansion as soon as possible. The President wrote, in a letter to a Congressman: "As defense production tapers off it is likely that the electrification program may be stepped up sharply, for expanded activity in rural electrification promises to be one of our staunchest supports in the transition from a defense to a peacetime economy."

Secretary of Agriculture, Claude R. Wickard said in a recent public statement: "Rural electrification is a task which must be carried forward after the war. As a nation we must see to it that the highlines reach out into far more farm territory than they serve now. We must work with the ultimate aim of making electric light and power available at reasonable rates to all farm families who need and want electricity. That goal is part of the better world we are fighting to establish."

THE REA ORGANIZATION

One of the main reasons for the existence of the Rural Electrification Administration is the fact that the rural population of the United States is still largely without electric power. The REA was created by the Rural Electrification Act of 1936, which authorized the Federal Government to guarantee loans to local power companies for the purpose of extending the electric grid to rural areas.

In order that every citizen of the United States should have access to electric power, the REA has been organized to provide financial assistance to local power companies for the purpose of extending the electric grid to rural areas.

The REA is organized into three main divisions: the Planning Division, the Construction Division, and the Administration Division. The Planning Division is responsible for the selection of projects for REA financing, while the Construction Division is responsible for the construction of the power lines and facilities. The Administration Division is responsible for the day-to-day operations of the REA.

History of the REA

At the time of its creation, the REA was the largest Federal agency in the United States. It was created by the Rural Electrification Act of 1936, which authorized the Federal Government to guarantee loans to local power companies for the purpose of extending the electric grid to rural areas.

I have an interesting story to tell about the REA. It is a story of the struggle to bring electric power to the rural areas of the United States. The REA was created by the Rural Electrification Act of 1936, which authorized the Federal Government to guarantee loans to local power companies for the purpose of extending the electric grid to rural areas.

With the REA's help, many thousands of miles of power lines have been constructed, and the lives of millions of rural Americans have been improved. The REA is a testament to the power of the Federal Government to bring about positive change in the lives of its citizens.

CHAPTER 2

THE REA ORGANIZATION



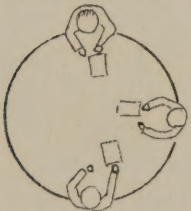
Each of us has a job to do. Some of us are specialists in one work, some in another, but we all know that our own specialty is just one more piecework operation on the work which passes along before us. No one of us does anything which is important in itself, but everything which any of us does has value because it is added to what everyone else in REA is doing, has done, or will do.

In order that everything we do shall be well organized and coordinated with what everyone else is doing, we have what we call "divisions." These are divided into two general classes, "line" divisions and "staff" divisions.

Our principal activity up to the war was lending money for building power systems. Our "line" divisions handle matters relating directly to that activity. The "staff" divisions are concerned with the broader but commonly less direct phases of our program, and with our internal housekeeping. Of course, in an organization like REA, which has relatively few workers in proportion to the volume and diversity of business transacted, several divisions function in both classes.

Office of the Administrator

At the head is my office, which is composed of people who assist me in running the organization. I have two Deputy Administrators. One is our official representative in the REA Liaison Office in Washington, D. C., and either may act for me when I am called away from headquarters. My Deputies collaborate with me in relations with the Congress and the Federal agencies, and assist me in making policies and in carrying out REA's program.



I have an Administrative Policy Committee which acts as consultant on policies and programs, Assistants who help with many of the details of accomplishing REA's objectives and administering our agency, and an economic research and statistics staff to keep track of our progress and to plan for the future.

With the nation's war plant approaching completion, and the materials situation apparently stabilized, this office has been suspended and its functions delegated elsewhere. It did a fine job.

Also in my office are a budget officer and his staff, who find ways to make too little money pay all the salaries, meet all the travel expenses, and buy all the equipment and supplies we need. Most of the planning is done in advance; they are now working on the first outline of a budget for 1945, having finished presenting our 1944 budget to Washington officials.

There are several other committees in my Office. One approves or disapproves nominations by the REA co-ops for superintendents and managers; one plans the training of all the employees of our organization; another arranges periodic Superintendent's Conferences. It has been our custom to call in, about once in six weeks, all system superintendents and managers from one or another of the 10 regions into which our operations are divided for efficiency, to meet at a conference to discuss mutual problems with each other and with REA officials, and to get better acquainted with the headquarters staff. Perhaps this activity will have to be suspended for the duration because of transportation difficulties.

The Office of Power Consultant, which was part of my office, had special wartime functions. This Office handled all of the multitudinous details involved in REA service to war industries and military and naval bases. Information on war loads served by our borrowers is assembled here. In addition, the members of this Office maintained contact with WPB, Army, Navy, and other war agencies. It was our official worrier about priorities and supplies of metals and shifting of maintenance materials.

Every two weeks I hold a staff conference with heads of REA's divisions in order to coordinate their work. Through these meetings, and through informal meetings among Division representatives, we keep abreast of new developments and harmonize the different phases of our program.

At these staff conferences, which are lively, informal affairs, we thresh out our problems. The right of free speech is not abridged there, and it does get exercised!

Applications and Loans



The Applications and Loans Division is the starting place for our loans. It follows up casual letters of inquiry, helps local people hold mass meetings, shows them how to organize and work up a loan application. It reviews applications from co-ops and others who want loans to build power systems or to finance wiring and plumbing equipment. In considering these applications, the Division studies the whole area--the extent of electrification, the type of farming and industry, and whether there are likely to be enough consumers to make the project a good risk for Government funds.

This Division also decides whether REA co-ops can benefit by acquiring existing lines which have been put up for sale by utility companies. Acquisitions are recommended only if their purchase makes possible future service to people who cannot be served feasibly otherwise.

It helps to organize self-help projects. Instead of buying poles, which are a major part of an electric line, farmers cut, trim, and haul poles from

their own wood lots, thus reducing costs. They clear rights-of-way, dig holes, set poles, drive trucks, perform all the needed common labor. And wages for this work sometimes are credited to their accounts at the co-op and help pay for wiring and appliances.

This Division helps the co-ops arrange for large quantity purchases of farm and home electrical appliances and equipment, thereby getting better goods for less money.

Another responsibility of Applications and Loans is in connection with our loans for house wiring, plumbing, and appliances. All such loans are handled entirely in this Division.

Of course, the war has changed these functions. Today the Division's first thought is whether the facilities to be built or bought are needed primarily for war service. The Applications and Loans staff organized and directed a highly successful scrap-collection program by REA cooperatives. It has taken over the responsibility for REA negotiations concerned with priorities and gets work orders started under the WPB rulings.

In addition, Applications and Loans is studying the present status of rural electrification and collecting data for a post-war Congressional program to bring electricity to more of the four million farms still in darkness.

Design and Construction



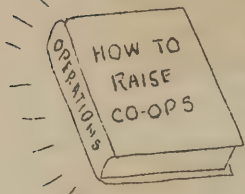
The Design and Construction Division supervises the engineering and construction of REA lines and powerhouses. It inspects the materials used in construction and checks the lines and plants when they are completed. It makes estimates of construction costs and establishes cost standards. Its engineers evaluate lines and facilities which the co-ops wish to buy.

Moreover, the Division is responsible for whatever operations supervision is necessary for REA-financed generation and transmission systems, to see that they keep in continuous service and that costs are kept as low as first-quality operation will permit.

In wartime much of this construction work is carried on only for those facilities authorized by WPB and built by direction of WPB and other war agencies. Special attention is paid to WPB orders for simplifying construction and economizing on materials. With the new order placing extensions to farms along existing power lines in the county USDA War Board jurisdiction, Design and Construction will, we hope, have lots of work orders to process.

This division deserves the greatest credit for getting the famous Ark-La line finished in time to serve the new Arkansas aluminum plant. That was an engineering accomplishment of the first rank--and a conspicuous patriotic service.

Cooperatives' Operations



The Cooperatives' Operations Division oversees and helps every REA distribution co-op to operate as a sound business enterprise. This Division advises and assists in adding new users to the lines, in putting into practice technical engineering recommendations, in buying new equipment for the system and in maintaining continuity and quality of service to consumers. It helps the co-ops to arrange their budgets. It helps them buy power at wholesale, and helps work out a retail rate schedule which will both permit wide use of current and bring in enough revenue to meet all charges. It works out insurance plans for linemen and engineers who maintain the lines, and promotes good safety practices for them. It collects and analyzes information on tax problems in the various states as they relate to REA co-ops. It studies wages, hours, and working conditions for the men and women who work for the co-ops. And through memoranda to co-op headquarters, the Cooperatives' Operations Division keeps them informed on new and practical uses of electricity on farms and on construction specifications for home-made equipment like chick and pig brooders and dehydrators which are not now available commercially. The co-ops are encouraged to advise the members on how electricity can take the place of manpower in the war labor shortage.

Finance

The Finance Division controls the purse strings and governs REA's financial relations with the Treasury, the RFC, and our borrowers. In a lending agency such as the REA, matters of money are important and extensive. The men and women in this Division review requests from borrowers for advances of funds; they check expense reports; and they control funds allotted by REA to borrowers. They keep official records of loans, prepare bills and collect payments of interest and principal on these loans. They install the accounting systems on the projects and audit the books. They check the documents connected with installation loans. They advise on banking problems and investigate the financial condition of banks where co-op money is deposited. They check the financial sections of the monthly operating reports from our borrowers.

Wire - \$3400.00
R.F.C.
\$9,000.000
35¢. lunch
INTEREST - 6.00

In wartime, as in normal times, this Division continues to protect Government funds-- money belonging to the people of the United States which has been invested in bringing electricity to the rural population of our country.

Technical Standards



The Technical Standards Division develops standards for improved power systems and electrical farm equipment. Against these standards, new equipment placed on the market by manufacturers is tested. Engineers of this Division have invented or stimulated the creation of many new devices which lower costs and increase efficiency. Technical Standards also provides consulting engineering service to the co-ops, to other Divisions of REA, and--at my direction--to other Government agencies, such as the Army.

Concentration of technical specialists in one Division relieves other divisions of responsibility for long term, painstaking studies and frees them for their day-to-day operations. It also makes possible uniform handling of technical inquiries, not only minimizing confusion but also contributing to the force and accuracy of the results obtained.

Today this Division's work is directed primarily toward winning the war by getting the most use of power for war production. It carries on studies to simplify electrical apparatus in order to conform to WPB orders and to make substitutions for critical war materials. Technical investigations are carried on to make power systems more efficient and to increase their service for war use.

RE Division - Office of the Solicitor

The former REA Legal Division was absorbed into the Office of the Solicitor of the Department of Agriculture, but it was preserved as a separate unit called the Rural Electrification Division of that office. The attorneys work closely with REA and are for all purposes except administrative, an integral part of our organization.

These lawyers help new cooperatives retain good local attorneys. Then they work closely with them in organizing and incorporating the co-ops under state laws, in obtaining whatever franchises may be necessary, and in getting rights-of-way from the people who own the land through which lines must pass. So far, nearly 2,000,000 of these rights-of-way agreements have been obtained.



The attorneys prepare loan contracts and other documents incident to REA loans. They prepare and review contracts between the co-ops and third persons; for example, the contracts for whole-sale power and for actual line construction. They handle the legal aspects of insurance problems and tax problems. They either supervise or handle legal cases involving the co ops, including hearings before state public service commissions.

During the war emergency, a unit has been established to interpret regulations issued by the WPB, OPA, and other war agencies.

Information

The Information Division is the voice of REA as it speaks to the public about the activities and accomplishments of the rural electrification program in general. Information works with the other Divisions to help them do their jobs. It fosters co-op newsletters, for example, to cut down operating expenses. It helps to educate co-ops and members in the principles and philosophy of cooperatives.



During the war, our press releases, magazine articles, pamphlets, radio talks and interviews, posters, exhibits, and our monthly publication, the Rural Electrification News, are letting REA borrowers and the general public know how all our facilities can be and are being used for war purposes, how power from REA lines serves war camps and bases, and how it increases production of

war materials and vital foods. This is done solely so that REA co-op members and other rural power users may receive information on how they can contribute to the war effort and on how to get maximum service and long life from their present equipment while making it produce for war.

Personnel

Men and women and their jobs in REA are the business of the Personnel Division. Personnel sets up and classifies all jobs in the agency and hires the right people for these jobs; the people who make up our REA team. Personnel is concerned with employee health and welfare. All employee problems come to this Division.



The morale of everybody in our organization is Personnel's special concern during this war emergency. Because war and decentralization to St. Louis have resulted in so many changes in our personnel, this Division carried out an intensive training program for all who have come to REA in the past year, and specialized training for other members of the staff. The program is intended to help you understand how REA works, what its goals and ideals are, and what part you play in the progress of rural electrification.

The Personnel Division also has responsibility for administering, in close collaboration with one of the assistants on my own immediate staff, two training programs which are unique, I think, in Government service. This is just one more illustration of the fact that REA is different.

Each year, until the war interfered, we enrolled as internes for a full year of training a group of young engineering school graduates. During that year they learned how the REA program is administered, both in headquarters and in the field. Upon completion of the course the members of the group generally became full members of the REA staff. We are thus providing a small nucleus of trained rural electrification technicians; establishing a new profession.

The other training program has won acclaim from national and international leaders, although it is only one year old. That is our program of inviting young engineers from our sister American nations to spend a year studying with us. Other U. S. Government agencies help us to get these boys, who are selected by their own Governments because of both potential and demonstrated ability. The first year's class have gone home to put into practice in their own countries some of the things they learned in the States.

This summer the Province of Manitoba, Canada, sent a group of men to REA to find out whether our experience could provide guides for their government in setting up a post-war construction program. In my office they met the vanguard of this year's Latin American group. Sam Shelton, topnotch writer for a local paper, came in to interview them. While they were getting their picture taken Sam turned to me and said, "Rural America lights up!"

Management

The Management Division keeps house for REA and provides services that help us gauge and compare the performance of systems we finance. Telephone and



telegraph service, mail and messenger facilities, central files, mimeographing and other duplication, and the assignment of office space are some of the services Management provides within REA. This Division is in charge of travel service for any of us who must make field trips. It keeps records of all administrative expenditures and controls the purchase of equipment and supplies. The Mapping Section of this Division plans techniques for the preparation of system maps and the gathering of data for mapping purposes, and in addition examines finished maps for accuracy, neatness, layout and general suitability.

Another important function of the Management Division is the preparation of statistics. This involves analysis of reports from the systems and the issuance of bulletins showing the extent to which the systems are progressing. Among other statistical tasks performed in this Division are research to determine the percentage of various types of appliances in use on REA systems, the collection of information about types and quantities of conductor and other equipment used in the lines, studies of equipment failures, maintenance of records pertaining to allotments and loan contracts, determination of the percentage of electrified farms in the United States, and maintenance of records which serve to direct and control the flow of work or "production" within the REA.

General



So much for the REA internal organization. Although we were created an independent Government agency, in 1939 the President tucked us under the wing of the Department of Agriculture. I am responsible to the Secretary of Agriculture; we are bound by the Department's rules and regulations; our personnel policies must conform to the Department's standards; in every respect, we are part and parcel of the great Government department which Abraham Lincoln founded.

We can call on any other branch of the Department for consultation and help. We have the Department's budget experts to help us. The Department has a great many informational channels for getting any big story across to the public. During the war, we can participate in the tremendously important food-for-freedom program as insiders, and our post-war plans can be dovetailed with those of other agencies in the rural field.

Moving to St. Louis was a major episode in REA's history. Washington was crowded with people whose work needs careful, day-to-day checking by those who are directing the war effort. We had demonstrated our ability to carry on our program--and integrate it with the national defense effort--without supervision. So we were chosen to go, and St. Louis chose to receive us. We lost many good people, and we recruited many more to take their places. We want to be a credit to the city, and win its admiration for us and for our program.

CHAPTER 3

THE REA EMPLOYEES

Personnel Division- All matters regarding placement, advancement, working conditions, grievances, and anything else relating to the employee and his job are handled in the Personnel Division. That Division is intended to look after the interests of the worker insofar as his or her efficiency at work is concerned.

Retirement- The Rural Electrification Administration has, of course, the same retirement regulations as have been approved by the Congress for all Government agencies. Each payday the Government deducts 5% from everybody's check. That 5% is placed to the employee's account. When the worker reaches a certain age he may, and in some cases must, retire on an annuity, based partly on the amount to his credit and partly on the number of years of service. This retirement plan has resulted from a considerable period of study and revision and is very liberal. The amount of annuities paid is far greater than the employee's contribution could purchase in any commercial insurance plan. The Government's contribution is a major factor. People retiring after 35 years of service get half their top salaries averaged over 5 years.

REA employees can look forward to retiring after long service with enough money coming in to keep them comfortable and secure for the rest of their lives.

Leave- REA workers are entitled to leave with pay. They may take as much as 26 days a year in normal times, although now supervisors may not approve more than 14 working days consecutively, counting Saturday as a full working day. This is called "annual" leave. In addition, our people may have sick leave if they need it. They are entitled to 15 days a year, and in exceptional instances up to 30 days a year may be granted. The Department regulations require a doctor's certificate for any sick leave of three days or more.

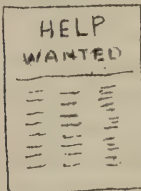
Both sick leave and annual leave may be accumulated to the credit of the employee up to a maximum of 90 and 120 days, respectively. An employee who leaves the civil service is entitled to be paid for his annual leave. Workers who have been in REA service a full year may be allowed, in some cases, to take leave in advance.

Office Hours--The office hours of the Rural Electrification Administration are 8:15 a.m. until 4:45 p.m. on weekdays, and including Saturdays. The lunch period is thirty minutes and may usually be taken at the convenience of the individual worker. However, supervisors may ask the staff members to arrange their lunch periods so that the telephones are attended continuously during business hours.

The office hours of REA were established after the staff had indicated, by vote, their preference. This is not a right established by law or regulation, but I consider it incumbent upon me to take the wishes of the employees into account in every administrative ruling.

Workers in REA do not punch time clocks. They are all adults, and if they are really members of the REA family they require but little supervision and no compulsion to make them give an honest day's work to the Government. The normal business week of the Government was 39 hours before the war. Our present 8-hour day, 48-hour week is a wartime measure. We are now being paid overtime in accordance with a temporary formula, and there is legislation pending with Administration approval to revise and extend the schedule. Whether this will pass or not, I cannot predict. I do know that REA employees will work just as hard, whichever way the Congress decides. I think the passage of some such legislation is clearly indicated to rectify an inequity; nevertheless, REA employees have never let impositions upon their rights and privileges interfere with the performance of their duties.

Promotion from Within--Thirty-seven years ago I was a government stenographer. Naturally, I endorse heartily the principle and policy of promotion from



within. REA has always made every effort to fill each new opening by promotion. Toward the accomplishment of that end, the Personnel Division advertises vacancies as they occur throughout the organization so that anyone who feels he has the necessary background may apply and may feel sure that his qualifications will be carefully considered.

Special Skills--To a great extent special skills are needed in REA. Our employees, for the most part, are professional men and women, or else they have high degrees of skill and experience in specific vocations. They include accountants, engineers, lawyers and men versed in business and cooperative management. Supporting them are highly proficient office workers, secretaries and junior executives who are gaining the experience and knowledge which will some day fit them for higher responsibilities.

Employee Organizations

Within REA are a number of Employee Organizations which employees may join. These include a Credit Union, the REA Athletic Association, and two labor unions.

The Credit Union--The Credit Union was chartered in 1936 under the Federal Credit Union Act to provide facilities for REA employees to deposit savings and to borrow money for "provident and productive" purposes.

It is a cooperative venture in which over 600 members now hold shares amounting to over \$68,000. Dividends on share deposits have never been less than 4%. Borrowers pay interest on loans at the rate of $\frac{3}{4}$ of one percent per month on the unpaid balance.



Membership in the Credit Union is open to all REA employees and their immediate families. Ordinarily, there is no reason for any REA employee to borrow money elsewhere at higher rates of interest. The Credit Union has often acted to straighten out tangled personal finances--and to prepare and enforce proper personal budgets.

REA Athletic Association--The Athletic Association was created in 1936 for the purpose of aiding our fellow workers, in what was then a new agency, to get better acquainted through social and sports activities. This organization sponsors sports tournaments, clubs for tennis, golf, bowling, softball, swimming, boat rides, bridge, chorus, photography groups, hiking and any other activities which members request.

Throughout the year the Athletic Association sponsors dances, boat trips and outings to which all members are invited. It publishes a weekly newspaper, the REA Globe. Perhaps its most important activity is the party it organizes for the entire staff each May 11, REA's birthday. We have a good time at those annual affairs.

Labor Unions--REA employees have organized two labor union locals. There is no compulsion on any employee either to join or to refrain from joining any union. The principle follows Federal Statute as well as my own personal beliefs. I will meet with representatives of either union and discuss any pertinent subject with them. On matters concerning REA working conditions or the efficient functioning of the Administration, I will accord great weight to their views.

One of the labor unions with representation in REA is Local 6 of the United Federal Workers of America (CIO). This union has taken the lead in many worthy campaigns such as the sale of war bonds, the Red Cross blood donor campaign, and the use of car pools.

The National Federation of Federal Employees, an independent union, is another labor organization with representation within REA. Its local is still fairly young in REA, although the parent union is the oldest in the government field.

Other Groups--Many REA girls spend their off-duty hours as volunteer receptionists at the USO Recreation Center in the St. Louis Municipal Auditorium. In this, and in other instances, I am pleased to note that the REA personnel has found a place for itself in St. Louis' community activities.

Team Spirit

One of the reasons why REA has been able to carve so notable a record for itself in the face of a hostile utility world is that our people regarded their work as a crusade. If you talk with the old-timers in our organization, you will note that each of them is animated by a flaming missionary spirit.



They have been inspired by a faith and confidence that has enabled them to crush tremendous obstacles. They weren't working just to get a job done passably well, but they were bringing light and power to rural America. They were setting up a new way of life, a living democracy for our millions of farm families.

That quality of high ideals and devotion to a great cause is the REA heritage. It is another factor, and the most important one, which makes REA different. It calls for the best efforts of each of us, but I can assure you that it brings with it its own reward.

CHAPTER 4

THE REA COOPERATIVES

Among the 874 REA borrowers are utility companies, public power districts, municipalities, and even one county; but most of them are cooperatives, distribution co-ops, generating co-ops, transmission co-ops, and even refrigeration co-ops. When I write this I am thinking not only of the fact that the rural electric cooperative has made low cost power possible to countless farmers, but that it is an effective answer to critics who challenge the practicability of having democracy in our complex civilization. Our cooperatives are democracy in action.

It is refreshing to be able to answer those who call for trusts and intricate holding companies as the only basis for efficient industrial management today by pointing out the success one million farmers have had in owning and operating their own utility lines.



The record shows that the REA cooperative, operating as a sound business institution, is making low cost power available to the people in areas that the private utilities found it inexpedient to serve. This is an amazing demonstration of the effectiveness of the cooperative idea when you consider that the REA-financed line must supply low cost power at the same time that it is repaying its loan to the government. In other words, whereas private utilities usually continue everlastingly to pay interest to their full indebtedness rather than pay back the money that they borrow, the REA cooperative gives low rates even while it is paying off its loan--with interest. About 370,000 miles of REA-financed electric lines, owned by nearly 800 cooperatives, are now in operation serving over a million members. This great spread of rural electric co-ops was not superimposed on the people. It grew out of their own need and their own initiative. Every REA co-op is part of a people's program on a rural community basis.

How our Co-ops were Formed

How did the REA co-ops come into being? As an example, let's think of a section of the country of perhaps 150 square miles, or even 500 square miles. Some of the community leaders, acting on their own and their neighbor's need for electric power, got in touch with us to find out how they could get a loan to build an electric line, and we sent a manual of instructions. They talked to their county agent, the local banker, maybe the minister or priest.

Soon a mass meeting was called to discuss forming a co-op, to get answers to questions, and to weigh the advisability of going ahead with definite plans. Sometimes there were several meetings before a vote was taken. If the vote was in favor of organizing a co-op, the farmers agreed to put up \$5 each as a membership fee, then chose a representative group to get active committees started. That group got in touch with REA right away. They retained an attorney to work with our legal staff to incorporate the group as a cooperative under state laws. With REA help, they hired a competent electrical engineer to plan the project. Meanwhile, easements for rights-of-way were secured, and members were signed. A map and description of the line and an application for a loan were received by REA. The co-op undertook negotiations for wholesale power from wherever it could buy it. If excessively high rates or burdensome conditions were offered, REA lent the money to build the co-op's own generating plant, but usually co-ops bought their wholesale power. All problems, contracts, and negotiations were studied by our various specialized divisions here at REA headquarters, and considered carefully in the light of experience.



After our examination had shown that all laws had been complied with, that rates were satisfactory, that it seemed reasonably certain that the project could pay off Uncle Sam's loan; then line construction costs were estimated and I made an allotment to meet them. The loan contract was signed by trustees elected by the co-op members.

Then the co-op hired a superintendent and, later, linemen to maintain steady, dependable electric service and an office force to keep accounts and handle office details.

Since REA deals with public money, we are extremely careful in making loans. How well the systems have been planned, and how well the people can be trusted to run their own business for self-service, may be judged from the fact that we have less than 1 percent of defaults and something more than \$10,000,000 in repayments.

The group purchase plan is another aid to our co-op members. With loans from REA, to be repaid usually over a five-year period, the cooperatives finance farmstead wiring and appliance installations, on a group basis in each case. Such large-quantity buying pares costs to a minimum.

No new electric cooperatives will be created until we have won the war. But when peace is restored, we will see more and more rural communities meeting to talk about forming REA co-ops. Again we'll see farmers joining together in these co-ops to build their electric lines with loans from the REA. REA will be part of a great expansion of rural electrification until all farmsteads still without electricity shall have power for lights and radios, washers and refrigerators, milkers and pumps, and all the electric devices which science has created to lighten our labor and enrich our lives.

How the Co-ops Work

The basis for cooperative action is simple. All those who receive power from the co-op's lines are members of the co-op. They pay a small membership fee which is their sole obligation and, in return for this, they have the same

interest in the cooperative as any other member. Each member has one vote. At annual meetings they elect their own officers and trustees and, through their elected officials, they control the management.

Cooperatives do not make profits. Any surplus which a cooperative may have is ploughed back in the form of increased service, lower rates, or other benefits.

There is no absentee ownership. There are no profits to be sent away to distant stockholders. There are no holding companies or management companies to siphon off profits in the form of fees. Every cooperative is owned by and managed in the interests of the families who draw power from its lines.

For these reasons, the members themselves cooperate in an effort to reduce the costs of service. For instance, meter reading and self-billing are two innovations in the utility field in which the REA cooperatives have pioneered. Co-op members help in patrolling their own lines and reporting outages, in exercising care so that fuse blowouts are less frequent. They help by pulling the co-op truck out of the mud, by serving hot coffee to the linemen out repairing storm damage. They do these things because they themselves benefit from lower operating costs; it's their cooperative, their power system.

I ONLY OWE
MYSELF \$10
THIS MONTH



Have you read any of the more than 500 newsletters which are published by our cooperatives? Borrow some of them from the Information Division. They will give you an intimate knowledge of the strong family spirit which animates the members of the cooperative. In most instances they waited years for electric service. It came to them through the help of their Government, after it had been denied them by utilities. They appreciate REA and their cooperative and hold in high esteem the organization of which you are a part.

Co-ops and Democracy

Although the modern cooperative movement was begun about a hundred years ago in England, it flourished chiefly in Northern Europe. Today, in the countries that Hitler has overrun, the cooperative, as we know it, has vanished. Dictators do not like men to manage their own affairs, because it gives them a taste of freedom which can be dangerous to a dictator.

Although the cooperative is vanishing under the Nazi regime in Germany, Austria, Norway and Holland, it is finding new strength in China. Literally thousands of small cooperatives have sprung up in the interior of China to form the basis and strength for China's present industrial life.

I draw a lesson from these facts. Cooperatives can flourish only in nations where men are free. They are part and parcel of our democratic institutions.

We of REA have the responsibility of keeping our cooperatives strong. For their strength is the nation's strength. The million families who draw their power from REA lines are better able to serve their nation because of their cooperative organizations. They are aided not only by electric energy but by the strength that comes from their participation in a democratic institution.

We have witnessed manifestations of this strength in the way they have taken part in the nation's nutrition program. They have installed equipment for hot lunches in thousands of rural schools, through their REA co-ops, at the request of their Government. They have sold thousands of dollars worth of war stamps. They are participating in the nation's scrap metal and rubber collection programs, and they are represented on their County War Boards. Thus, they are employing their cooperative to enable them to participate in the war.

We can be proud of these accomplishments because we, of the REA, have a direct part in the work they do. Our efforts are reflected directly in their successes.

When I started writing this booklet I told you that REA was different. Now, perhaps, you understand why. Do you understand why REA veterans take such pride in our organization? Do you understand why they feel that it means something to say that they are with the REA? The three letters which are carried as the appendix of this book illustrates their feeling.

In these few pages I could not answer all of the questions which you will wish answered. Therefore, I invite you to write out your questions and send them to my office to be answered. I want you to feel that you are important to REA and that REA is important to you. I know that as you absorb the past history and traditions of our organization, as you participate actively and consciously in our program, you will share my enthusiasm for it.

APPENDIX

(A letter written in 1942 to a soldier by Richard J. Beamish who was then Chairman of the Pennsylvania Public Service Commission)

My dear Hubert:

You ask me for advice as to your future reading and training to prepare you for a career.

You are in the Army and, of course, the winning of the war will be your main objective until this emergency is over. You have advanced rapidly to your rank of technical sergeant. I think I know you pretty well through our contacts when you as a reporter came to me for news of regulatory matters with which this Commission and various Federal Commissions were concerned.

If I were fifty years younger and in your shoes, I would use that newspaper training as a basis for life work in the public service. I would add to that newspaper experience a practical education in law or accounting or engineering. With such equipment you will be well fitted as a valuable public servant in any state or federal commission.

I am giving you this advice, Hubert, because in my judgment the United States after this war will be largely run by administrative bodies which will regulate more closely than ever before the activities of utilities in every character in the interest of the consuming public.

The tremendous sums already spent and still to be spent by the Federal Government will cut down private fortunes and will turn microscopes upon the sources and objectives of these fortunes. The Federal Government and the states will need the services of trained honest men and women who will be content with salaries adequate for the maintenance of their families and security in a moderate degree for their dependents.

That is where you will come in, you and many thousands like you who will be satisfied with moderate incomes and the feeling that you are serving your country and your fellow citizens.

Public Service has never been much of a career in the United States. It has been cluttered up with politics and the financial

temptations offered by the service of fat cats whose interests in too many cases were opposed to the interest of the public. Newspapermen especially were too prone to look up to the well-battered jobs of utility press agents and the stratospheric fortunes of the utility press agents and the fortunes of the Insulls, Hopsons, and the other babies who transmuted charters and the public utility certificates into mountains of loot. If you will have as your ideals real public servants such as Robert E. Healey of the Securities and Exchange Commissions, Leon Henderson of the Office of Price Administration, and others like them who have made public service their careers, you will be helping yourself to a lifetime of satisfaction and useful service.

Above everything else, Hubert, I counsel you to be independent in judgment and action. Politics for its own sake is no career for a young American of today. Public service, Hubert, is your ticket. You won't be rich but neither you nor your children will be ashamed. You can sleep nights and above everything else you will fear nobody.

I have always thought the old motto "Ich dien," "I serve," is one of the finest on earth.

You can bank on this, Hubert, the day of Insulls and the Hopsons has passed in America--and it will never return. We may have an urge to return to "normalcy" as Harding phrased it but it will soon pass.

* * * * *

(A letter from Ernest Rushmer, whom the Navy called to active duty from our legal staff, in answer to a request for an article for our "Roll Call".)

Dear Allyn:

Your wire of January 14 just came aboard and I am sorry that I haven't time to do an article on my experience in the sinking of the Hornet. Any such article, of course, would have to be censored as you know, and most of the story has been told. I'm glad to tell you briefly of my part in it and you may rewrite or do what you wish with it.

My battle station was below deck. Torpedos and bombs started hitting us and my job as a damage control officer was to do something about it to keep the ship afloat. Shortly after the first attack, I was ordered to the flight deck to check a fire that was pretty bad. I was able to make my way up an escape tube, all other hatches in the area being damaged or compartments on fire. As the press has already stated, we put the fire out by bucket brigades from the sea, our damage control pumps for water being then out of commission. The quick control of all fires on the ship under the general supervision of the First Lieutenant, Commander Pat Moran, will probably earn him decoration. Other carriers suffered uncontrollable fires which resulted in

their loss.

Later in the afternoon, between the second and third attacks we tried to rig a wire rope for a tow by one of the cruisers. When we were hit by more Jap torpedoes and bombs, a tow was made impossible and preparations were made to abandon ship.

While on the flight deck, a lone Jap diver bomber came in. Everyone ran for cover from the strafing except me. I didn't realize he was strafing until I saw splashes in the water. I just kept watching for one of our own anti-aircraft shells to hit him and put him in the drink. However, when I saw the splashes and noted the trajectory was making me a primary target, I quickly ducked. Funny thing I don't remember any sounds at all after the first bomb and my ears were intact--except later full of fuel oil.

As for the officers and men, many of whom were under fire for the first time, I have but the highest praise. Individual courage did not stand out--they all were a courageous team throwing the play to the pilots who carried the ball. The press has already told of them and my friend Gus Widhelm.

Being in the salvage group, I was among the last to leave the ship. I was pretty tired and just floated around for an hour or so. I had a couple of bumps on my head as well. The Captain swam by me (I didn't see him) and reported me as floating face down in a pool of oil. He was right except I was face up. Later on some sailors in a life raft hauled me out of the drink pretty wet and a destroyer finally picked us up. That's about the story. I didn't see the last attack by high level bombers because I was too tired, I guess. I was in the water and didn't even recall it happened.

Give my regards to REA and same to you. One word of caution--don't dramatize your rewrite, get it approved by the censors, and don't forget there were 2700 enlisted men who really made up the Hornet. Some of them and one of my best friends, an officer, aren't here to tell about it.

* * * * *

(A report from the superintendent of the youngest REA cooperatives, located in the southeast corner of Vermont and having some lines in Massachusetts.)

Dear Sir:

This section has just experienced the worst sleet storm known in the memory of those who have lived here and who got out into the country and really saw what had happened.

It started sleeting Sunday, December 27, and continued off and on thru Monday, Tuesday and Wednesday. Wednesday at 3:30 a.m. Twin

State power failed and soon the call came in that REA lines were off. My son and I started out and located the Twin State gang. Their lines were broken and limbs of trees covered them for miles. They reported to me that a transformer was also burned out, and it would be 3 or 4 days before service would be restored. My son and I started out to check our own lines. At this time there was a heavy rain falling that was freezing on soon after it fell. We had not gone far from the sub-station before we saw a sight that would make any superintendent sick, say nothing of one who was his own line crew. We removed that day, Wednesday, December 30, 1942, 140 trees from the line, from 3 to 10 inches in diameter in pouring rain. Thursday it had turned colder, a crust of ice, over 2" thick was over everything. Walking was the most difficult thing on a small grade, to say nothing of the hills our lines pass over. I had already called into different sections and got men who were capable, to work on their section in clearing the lines. That day, Thursday, my son and I cleared 216 trees from the line. This was in the Halifax-Deer Park section. That night at 9 o'clock, I slipped on a high, steep bank and slid more than 100 feet before striking several trees with my body and head. My wife, who was driving the truck for us, had picked me up in the spotlight and my son worked his way up to me, but it was so slippery he could not move me from where I was wrapped around a tree. My head happened to be down hill, and I came to shortly and we got to the truck and took me in for first-aid. My teeth were driven thru my lower lip and my chin was cut underneath. That was, unbelievably, all the cuts or breaks, but my body, arms and legs were terribly battered so I could hardly move. The doctor said I would have to stay in bed, but he did not know what a super of this co-op has to do. I stayed indoors Friday, January 1 and did a lot of phone work while Mrs. Cook and two sons went out clearing line. Saturday I was out again and we finished our clearing of main lines and when Twin State had power ready for us we were at the sub-station awaiting on them. At 4:30 p.m. on Saturday, January 2, Twin State gave us power and we energized our lines. Everything was in the clear and all were receiving service excepting several who had service wires down. Sunday, January 3, we cleaned up most of the services. Sunday night it snowed 6 to 8 inches and we are waiting for roads to be plowed to finish 3 services that are still down.

It totals up to 808 trees removed from the lines. It was some sight to see sections of the line down on the ground with tons of iced trees on them. I measured ice on the wires that were down and there was 2 inches of solid ice besides the icicles of 3 to 4 inches long. It was also the most pleasing sight to see those wires go back into the air when the trees were removed. There were no breaks due to the trees and only one break on a neutral wire due to the ice. I was suspicious of this break after having seen what I had of the weight the wire could stand, and, as this break was in the open I examined the ends and found that the wire had been kinked when it was installed and it had been left that way. This break was between pole 17A11 and 18A11. We had one anchor pull. This was a rock anchor--FR330--and could not have been in solid rock. This pole was an angle pole as well as a spur takeoff pole and should have been well anchored.

That was the extent of our trouble although it cannot give you a picture of how things actually looked out on the lines. I would have liked to have taken pictures, but had other things on my mind than a camera. However, some of the members have taken shots here and there and we will send you some when they are developed.

I do not believe that any line ever took or will take a beating like this one has and REA can well be proud of its construction coming thru like this did.

The damages to trees may never be known, but I saw hundreds of acres in one spot bent flat to the ground while thousands of trees had tops broken off. It was a sight no one would believe unless they were out in the forests and saw it themselves.

Well we have been thru it and are on top again with only a few bruises, so we are thankful. Our carefully guarded expenses will go up a bit because of the storm, but we kept them down to the minimum.

